CBG CAPITAL

14 January 2016

CBG Capital Limited Net Tangible Assets (NTA) per share report and performance update for December 2015

Please find below CBG Capital Limited's monthly NTA per share report as at 31 December 2015, together with a performance update.

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Chief Investment Officer

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Net tangible assets report and performance update

December 2015

Net tangible assets per share

	Nov-15	Dec-15
NTA pre-tax	$1.0344*	$1.0577
NTA post-tax**	$1.0098*	$1.0255

* November prices are ex the 1.5cps fully franked dividend paid in the month.
**Please note that the post-tax figures are theoretical, assuming that all holdings in the portfolio are sold and then tax paid on the gains that would arise on this disposal.

Portfolio performance (after fees)

	NTA pre-tax %	Benchmark %	Excess %
1 month	2.3%	2.7%	-0.4%
3 months	11.6%	6.5%	5.1%
6 months	10.7%	-0.5%	11.2%
1 year	8.7%	2.6%	6.2%
Since inception	9.6%	4.1%	5.5%

CBG Capital

ASX Code	CBC
Option Code	CBCO
Listing date	19 December 2014
Shares on issue	24.3 million
Options on issue	24.2 million
Exercise price	$1.00
Options expiry	30 September 2016
Benchmark	S&P/ASX 200 Accumulation Index
Number of stocks held	44

Contact

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Boardroom
Share registry
1300 737 760

Portfolio commentary

Stocks which contributed positively to performance in the month included Auckland International Airport (AIA, 3.2% portfolio weight) which returned 15% as the market digested the strong traffic figures for October and November. International traffic, one of the core profit drivers for the business, is up 6.5% year to date, with particularly strong growth coming out of China (+29%). Auckland International Airport is New Zealand's major international gateway and as such is well placed to benefit from the ongoing boom in travel demand from the Asian region.

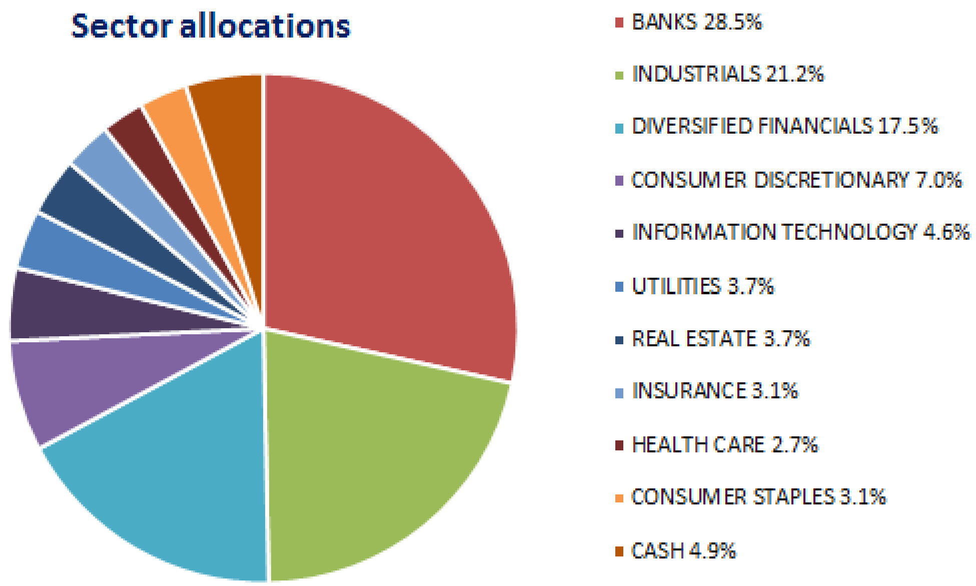
Technology One (TNE, 1.5% weight) returned 14% after releasing a solid FY15 result in late November 2015 and pointing to a robust outlook. TNE is Australia's largest enterprise software company, with offices across six countries, a suite of 14 products and over 1000 customers. It has the largest technology research and development (R&D) centre in Australia with over 300 developers and is currently benefiting from both the rollout of new products and the generational shift from "on premise" software to cloud based software.

Lendlease Group (LLC, 2.8% weight) returned 12% after announcing a co-investor to the Barangaroo South Precinct. The sale of a 25% interest in Tower One at Barangaroo South has reduced LLC's required equity commitment to the project by $350m to $175m.

Stocks which detracted from performance in the month included Resmed (RMD, 1.1% weight), which declined 11% in anticipation of round three of competitive bidding for distributor contracts in some US regions commencing in January 2016. The broader health care space was also generally sold off in the period on the back of proposed regulatory changes.

Suncorp Group (SUN, 2.1% weight) declined 9% after surprising the market with lower-than-expected 1H16 underlying margin guidance of c10%. This compared to consensus expectations of approximately 13.0% and to the FY15 level of 14.7% and was driven by claims cost inflation, partially due to the lower AUD.

Top 10 holdings as at 31 December 2015		
ASX Code	Name	Weight
CBA	COMMONWEALTH BANK OF AUSTRALIA	9.8%
WBC	WESTPAC BANKING CORPORATION	7.6%
ANZ	ANZ BANKING GROUP LIMITED	7.2%
TCL	TRANSURBAN GROUP	5.3%
N/A	CASH	4.9%
HGG	HENDERSON GROUP	4.8%
BTT	BT INVESTMENT MANAGEMENT LTD	4.4%
MQA	MACQUARIE ATLAS ROADS GROUP	4.0%
NAB	NATIONAL AUSTRALIA BANK LIMITED	3.9%
MFG	MAGELLAN FINANCIAL GROUP	3.9%



Monthly market commentary

The Fed funds decision weighed heavily on the Australian market in the first half of December before the actual decision by the Fed to raise rates for the first time in nearly a decade (by 0.25pts), coupled with a Santa rally, saw the market finish the year strongly with nine consecutive positive days.

However, despite this rally, ongoing pressure in commodity markets was again a feature of the month with Brent crude falling a further 17% to US$35.75 reflecting weak seasonal demand and concerns around increasing supply. Conversely, iron ore had some relief increasing 1.4% to US$43.57 per tonne.

Australian economic data was generally positive in December with the unemployment rate edging down by 0.1% to 5.8% (with 71,400 net new jobs), the participation rate increasing to 65.3% and the NAB business confidence survey improving 4.8%. While the Westpac Consumer index fell slightly month-on-month, it was up 11% on the previous corresponding period.

With the majority of data points broadly positive, the RBA left the cash rate unchanged at 2.0%. Somewhat surprisingly, despite the increase in rates in the US, the AUD appreciated against the USD (+0.58c to 72.86c).

The Federal Government released its Mid-Year Economic and Fiscal Outlook in December which recalibrated the budget outlook released in May. The headline cash deficit for the year ending June 2016 is now projected to reach $37.4bn (+$2.3bn) with a return to surplus not expected until 2020-21.

While the US Federal Reserve's raising of interest rates (from a range of 0.00-0.25% to 0.25-0.50%) was expected, and was seen as a vote of confidence in the growth outlook for the world's biggest economy, the move did little for US markets over the month with the Dow, S&P500 and NASDAQ all down 1.5-1.6%. Labour market data continues to surprise on the upside while other indicators such as building permits, housing starts, new home sales and consumer confidence all supported the Fed rates lift-off. While lift off has now occurred, further increases are likely to be heavily data dependent with the market only expecting a slow ramp up in rates.

Chinese economic data was mixed with NBS Non-manufacturing PMI up 0.5% to 53.6, but NBS manufacturing PMI falling to 49.6, its lowest level since August 2012. FX reserves fell US$87bn marking the six monthly decline in seven months as exports continued to contract and imports picked up moderately. The Chinese economic outlook continues to weigh on world markets (and Australia in particular) and this is likely to be an ongoing concern for the market in 2016.

While Eurozone PMI held up over the period, core CPI inflation fell by 0.2% to +0.9%. The ECB cut the deposit rate by 10bp to -0.3% in order to provide further stimulus to the Eurozone and announced a six month extension to the duration of its QE programme, taking the programme out to March 2017.

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Chief Investment Officer